

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

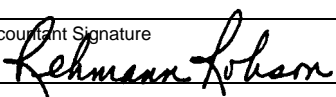
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature 			Date	

**LENAWEE COUNTY
DRAIN COMMISSION**

Financial Statements

For The Year Ended December 31, 2005



REHMANN ROBSON

Certified Public Accountants

LENAWEE COUNTY DRAIN COMMISSION

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REHMANN ROBSON

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

February 23, 2006

To the Drain Commissioner of
Lenawee County
Adrian, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the ***Lenawee County Drain Commission, a component unit of Lenawee County, Michigan***, as of and for the year ended December 31, 2005, which collectively comprise the Drain Commission's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the Lenawee County Drain Commission. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lenawee County Drain Commission as of December 31, 2005, and the respective changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Lenawee County Drain Commission has not presented Management's Discussion and Analysis as required supplementary information. The GASB has determined that such information is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lenawee County Drain Commission's basic financial statements. The combining nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Johnson". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

BASIC FINANCIAL STATEMENTS

COMPONENT-WIDE FINANCIAL STATEMENTS

LENAWEE COUNTY DRAIN COMMISSION
Statement of Net Assets
December 31, 2005

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,251,224	\$ 2,458,760	\$ 3,709,984
Receivables	716,948	17,124,627	17,841,575
Capital assets being depreciated, net	3,519,192	-	3,519,192
Total assets	5,487,364	19,583,387	25,070,751
Liabilities			
Accounts payable and accrued expenses	564,609	289,992	854,601
Noncurrent liabilities:			
Due within one year	368,109	1,530,000	1,898,109
Due in more than one year	1,526,790	16,871,988	18,398,778
Total liabilities	2,459,508	18,691,980	21,151,488
Net Assets			
Invested in capital assets, net of related debt	1,624,293	-	1,624,293
Restricted for other municipalities	-	891,407	891,407
Unrestricted	1,403,563	-	1,403,563
Total net assets	\$ 3,027,856	\$ 891,407	\$ 3,919,263

The accompanying notes are an integral part of these financial statements.

LENAWEE COUNTY DRAIN COMMISSION
Statement of Activities
For the Year Ended December 31, 2005

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Public works	\$ 627,475	\$ -	\$ -	\$ 752,752	\$ 125,277
Business-type activities:					
Municipal water and sewer projects	2,147,887	174,420	1,611,572	-	(361,895)
Total drain commission	<u>\$ 2,775,362</u>	<u>\$ 174,420</u>	<u>\$ 1,611,572</u>	<u>\$ 752,752</u>	<u>\$ (236,618)</u>

continued...

The accompanying notes are an integral part of these financial statements.

LENAWEE COUNTY DRAIN COMMISSION
Statement of Activities (Concluded)
For the Year Ended December 31, 2005

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Changes in net assets			
Net (expense) revenue	<u>\$ 125,277</u>	<u>\$ (361,895)</u>	<u>\$ (236,618)</u>
General revenues:			
Unrestricted investment earnings	30,994	6,740	37,734
Other revenue	<u>144,290</u>	<u>342,887</u>	<u>487,177</u>
Total general revenues	<u>175,284</u>	<u>349,627</u>	<u>524,911</u>
Change in net assets	300,561	(12,268)	288,293
Net assets, beginning of year	<u>2,727,295</u>	<u>903,675</u>	<u>3,630,970</u>
Net assets, end of year	<u><u>\$ 3,027,856</u></u>	<u><u>\$ 891,407</u></u>	<u><u>\$ 3,919,263</u></u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

LENAWEE COUNTY DRAIN COMMISSION

Balance Sheet Governmental Funds December 31, 2005

	Drain Capital Projects	Lake Level Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,078,482	\$ 79,080	\$ 5,246	\$ 1,162,808
Due from other funds	-	-	1,027,307	1,027,307
Special assessments receivable	716,948	-	-	716,948
<u>TOTAL ASSETS</u>	<u>\$ 1,795,430</u>	<u>\$ 79,080</u>	<u>\$ 1,032,553</u>	<u>\$ 2,907,063</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Due to other funds	\$ 1,000,963	\$ 26,344	\$ -	\$ 1,027,307
Advance from primary government	-	-	525,000	525,000
Deferred revenue	716,948	-	-	716,948
Total liabilities	1,717,911	26,344	525,000	2,269,255
Fund balances				
Unreserved - undesignated	77,519	52,736	-	130,255
Reported in nonmajor capital project funds	-	-	507,553	507,553
Total fund balances	77,519	52,736	507,553	637,808
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 1,795,430</u>	<u>\$ 79,080</u>	<u>\$ 1,032,553</u>	<u>\$ 2,907,063</u>

The accompanying notes are an integral part of these financial statements.

LENAWEE COUNTY DRAIN COMMISSION
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
December 31, 2005

Fund balances - total governmental funds	\$ 637,808
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets, net of accumulated depreciation	3,046,026
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Other long-term assets are not available to pay current year expenditures and, therefore, are not recorded in the funds.

Add - long-term special assessments receivable included in deferred revenue	716,948
-----------------------------------------------------------------------------	---------

An internal service fund is used by management to charge the costs of certain equipment usage to individual governmental funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

Add - net assets of governmental activities accounted for in the internal service fund	406,609
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Certain liabilities, such as bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - bonds payable	(1,210,000)
Deduct - drain notes payable	(569,535)

Net assets of governmental activities	<u><u>\$ 3,027,856</u></u>
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The accompanying notes are an integral part of these financial statements.

LENAWEE COUNTY DRAIN COMMISSION
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	Drain Capital Projects	Lake Level Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Special assessments	\$ 831,599	\$ 142,039	\$ -	\$ 973,638
Interest	30,882	112	2,251	33,245
Total revenue	862,481	142,151	2,251	1,006,883
Expenditures				
Current:				
Public works	742,169	222,757	-	964,926
Debt service:				
Principal	359,488	26,800	-	386,288
Interest and fiscal charges	42,203	822	-	43,025
Total expenditures	1,143,860	250,379	-	1,394,239
Revenue over (under) expenditures	(281,379)	(108,228)	2,251	(387,356)
Other financing sources (uses)				
Issuance of bonds and notes	218,300	200,000	-	418,300
Net change in fund balances	(63,079)	91,772	2,251	30,944
Fund balance (deficit), beginning of year	140,598	(39,036)	505,302	606,864
Fund balance, end of year	\$ 77,519	\$ 52,736	\$ 507,553	\$ 637,808

The accompanying notes are an integral part of these financial statements.

LENAWEE COUNTY DRAIN COMMISSION
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2005

Net change in fund balances - total governmental funds	\$	30,944
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay		459,550
Deduct - depreciation expense		(71,982)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Deduct - bond proceeds		(418,300)
Add - principal payments on bonds payable		386,288

An internal service fund is used by management to charge the costs of certain equipment usage to individual governmental funds. The net revenue (expense) attributable to those funds is reported with governmental activities.

Deduct - net operating loss from governmental activities in internal service fund		(3,054)
Deduct - interest expense from governmental internal service fund		(4,038)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Deduct - change in deferred long-term receivables		(78,847)
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Change in net assets of governmental activities	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">300,561</div>
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The accompanying notes are an integral part of these financial statements.

LENAWEE COUNTY DRAIN COMMISSION

Statement of Net Assets

Proprietary Funds

December 31, 2005

	Business-type Activities -		
	Township of Madison Water	Cambridge/ Franklin Sewer	Wampler's Lake Sewer
Assets			
Current assets			
Cash and cash equivalents	\$ 6,801	\$ 465,694	\$ 1,016,105
Current portion of lease receivable	395,000	205,000	275,000
Total current assets	401,801	670,694	1,291,105
Noncurrent assets			
Leases receivable, net of current portion	2,198,199	1,404,306	1,649,763
Capital assets, net of accumulated depreciation	-	-	-
Total other assets	2,198,199	1,404,306	1,649,763
Total assets	2,600,000	2,075,000	2,940,868
Liabilities			
Current liabilities			
Accounts payable	-	-	-
Due to other governments	-	-	-
Current portion of bonds payable	395,000	205,000	275,000
Current portion of notes payable	-	-	-
Current portion of lease purchase agreement	-	-	-
Total current liabilities	395,000	205,000	275,000
Long-term debt			
Bonds payable	2,205,000	1,870,000	2,200,000
Notes payable	-	-	-
Lease purchase agreement	-	-	-
Total long-term debt	2,205,000	1,870,000	2,200,000
Total liabilities	2,600,000	2,075,000	2,475,000
Net assets			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	-	-	465,868
Total net assets	\$ -	\$ -	\$ 465,868

The accompanying notes are an integral part of these financial statements.

Enterprise Funds				Governmental Activities
				Internal Service
Central Lenawee Sewer	Rollin- Woodstock Sewer	Nonmajor Enterprise Funds	Total	Drain Equipment Revolving
\$ 40,798	\$ 189,782	\$ 739,580	\$ 2,458,760	\$ 88,416
260,000	230,000	157,289	1,522,289	-
300,798	419,782	896,869	3,981,049	88,416
5,519,200	4,124,505	706,365	15,602,338	-
-	-	-	-	473,166
5,519,200	4,124,505	706,365	15,602,338	473,166
5,819,998	4,544,287	1,603,234	19,583,387	561,582
-	-	-	-	39,609
-	-	289,992	289,992	-
260,000	230,000	165,000	1,530,000	-
-	-	-	-	43,098
-	-	-	-	36,176
260,000	230,000	454,992	1,819,992	118,883
5,531,988	4,200,000	865,000	16,871,988	-
-	-	-	-	36,090
-	-	-	-	-
5,531,988	4,200,000	865,000	16,871,988	36,090
5,791,988	4,430,000	1,319,992	18,691,980	154,973
-	-	-	-	357,802
28,010	114,287	283,242	891,407	48,807
\$ 28,010	\$ 114,287	\$ 283,242	\$ 891,407	\$ 406,609

LENAWEE COUNTY DRAIN COMMISSION
Statement of Revenue, Expenses and
Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

	Business-type Activities -		
	Township of Madison Water	Cambridge/ Franklin Sewer	Wampler's Lake Sewer
Operating revenue			
Intergovernmental revenue	\$ 126,954	\$ 112,198	\$ 337,586
Charges for services	-	-	-
Other revenue	-	-	-
Total operating revenue	126,954	112,198	337,586
Operating expenses			
Other expense	-	-	203,074
Depreciation expense	-	-	-
Total operating expenses	-	-	203,074
Operating income (loss)	126,954	112,198	134,512
Non-operating revenue (expenses)			
Interest income	-	-	2,862
Interest expense	(126,954)	(112,198)	(131,100)
Total non-operating revenue (expenses)	(126,954)	(112,198)	(128,238)
Change in net assets	-	-	6,274
Net assets, beginning of year	-	-	459,594
Net assets, end of year	\$ -	\$ -	\$ 465,868

The accompanying notes are an integral part of these financial statements.

Enterprise Funds				Governmental Activities
				Internal Service
Central Lenawee Sewer	Rollin- Woodstock Sewer	Nonmajor Enterprise Funds	Total	Drain Equipment Revolving
\$ 453,375	\$ 116,377	\$ 465,082	\$ 1,611,572	\$ -
-	-	11,870	11,870	333,301
-	342,110	162,550	504,660	-
453,375	458,487	639,502	2,128,102	333,301
228,208	407,064	523,686	1,362,032	233,792
-	-	-	-	102,563
228,208	407,064	523,686	1,362,032	336,355
225,167	51,423	115,816	766,070	(3,054)
38	777	3,840	7,517	-
(210,190)	(116,375)	(89,038)	(785,855)	(4,038)
(210,152)	(115,598)	(85,198)	(778,338)	(4,038)
15,015	(64,175)	30,618	(12,268)	(7,092)
12,995	178,462	252,624	903,675	413,701
\$ 28,010	\$ 114,287	\$ 283,242	\$ 891,407	\$ 406,609

LENAWEE COUNTY DRAIN COMMISSION
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005

	Business-type Activities -		
	Township of Madison Water	Cambridge/ Franklin Sewer	Wampler's Lake Sewer
Cash flows from operating activities			
Cash received from municipalities	\$ 126,954	\$ 112,198	\$ 337,586
Other operating receipts	-	-	-
Cash paid to employees and suppliers	-	-	(203,074)
Receipts for interfund services provided	-	-	-
Net cash provided by (used in) operating activities	126,954	112,198	134,512
Cash flows from capital and related financing activities			
Principal payments	(385,000)	(205,000)	(275,000)
Interest payments	(126,954)	(112,198)	(131,100)
Proceeds from long-term debt	-	-	-
Payments for additional leases receivable	-	(25,643)	(92,362)
Purchase of capital assets	-	-	-
Net cash provided by (used in) capital and related financing activities	(511,954)	(342,841)	(498,462)
Cash flows from investing activities			
Interest income received	-	-	2,862
Amounts collected on leases receivable	390,567	207,824	140,985
Net cash provided by (used in) investing activities	390,567	207,824	143,847
Net increase (decrease) in cash and cash equivalents	5,567	(22,819)	(220,103)
Cash and cash equivalents, beginning of year	1,234	488,513	1,236,208
Cash and cash equivalents, end of year	\$ 6,801	\$ 465,694	\$ 1,016,105

Enterprise Funds				Governmental Activities
				Internal Service
Central Lenawee Sewer	Rollin- Woodstock Sewer	Nonmajor Enterprise Funds	Total	Drain Equipment Revolving
\$ 453,375	\$ 116,377	\$ 465,082	\$ 1,611,572	\$ -
-	342,110	174,420	516,530	-
(228,208)	(407,064)	(523,686)	(1,362,032)	(198,057)
-	-	-	-	333,301
225,167	51,423	115,816	766,070	135,244
(260,000)	(225,000)	(165,000)	(1,515,000)	(65,466)
(210,190)	(116,375)	(89,038)	(785,855)	(4,038)
145,779	-	-	145,779	16,668
(531,036)	(42,464)	(469,473)	(1,160,978)	-
-	-	-	-	(33,668)
(855,447)	(383,839)	(723,511)	(3,316,054)	(86,504)
38	777	3,840	7,517	-
317,377	245,949	491,486	1,794,188	-
317,415	246,726	495,326	1,801,705	-
(312,865)	(85,690)	(112,369)	(748,279)	48,740
353,663	275,472	851,949	3,207,039	39,676
\$ 40,798	\$ 189,782	\$ 739,580	\$ 2,458,760	\$ 88,416

LENAWEE COUNTY DRAIN COMMISSION
Statement of Cash Flows (Concluded)
Proprietary Funds
For the Year Ended December 31, 2005

	Business-type Activities -		
	Township of Madison Water	Cambridge/ Franklin Sewer	Wampler's Lake Sewer
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 126,954	\$ 112,198	\$ 134,512
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	-	-
Increase (decrease) in:			
Accounts payable	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 126,954</u>	<u>\$ 112,198</u>	<u>\$ 134,512</u>

The accompanying notes are an integral part of these financial statements.

Enterprise Funds				Governmental Activities
				Internal Service
Central Lenawee Sewer	Rollin- Woodstock Sewer	Nonmajor Enterprise Funds	Total	Drain Equipment Revolving
\$ 225,167	\$ 51,423	\$ 115,816	\$ 766,070	\$ (3,054)
-	-	-	-	102,563
-	-	-	-	35,735
<u>\$ 225,167</u>	<u>\$ 51,423</u>	<u>\$ 115,816</u>	<u>\$ 766,070</u>	<u>\$ 135,244</u>

NOTES to the FINANCIAL STATEMENTS

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

These financial statements represent the financial position and the changes in financial position of the funds of the Lenawee County Drain Commission (the “Drain Commission”). These funds are considered to be a discretely presented component unit of Lenawee County (the “County” or “primary government”) and are an integral part of that reporting entity.

B. Component-wide and Fund Financial Statements

The component-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The component-wide financial information is reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

Governmental fund financial information is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Drain Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. Only special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue for the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Drain Commission reports the following major governmental fund:

The *drain capital projects fund* accounts for the use of resources in constructing and maintaining the drain system. The primary funding source for this fund is special assessments.

The *lake level capital projects fund* accounts for the use of resources in constructing and maintaining lake levels. The primary funding source for this fund is special assessments.

The Drain Commission reports the following major proprietary funds:

The *Township of Madison water fund* accounts for the financing of system improvements for the stated municipality.

The *Cambridge/Franklin sewer fund* accounts for the financing of system improvements for the stated municipality.

The *Wampler's Lake sewer fund* accounts for the financing of system improvements and certain operations and maintenance costs for the stated municipality.

The *Central Lenawee sewer fund* accounts for the financing of system improvements and certain operations and maintenance costs for the stated municipality.

The *Rollin-Woodstock sewer fund* accounts for the financing of system improvements and certain operations and maintenance costs for the stated municipality.

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

The *capital projects funds* account for the use of resources, primarily bond proceeds, in constructing drains.

The *internal service fund* accounts for operations that provide services to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the component-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service fund are charges to cities and townships for operations, equipment rentals, and finance charges. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Drain Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less. All deposits and investments are in the name of the County Treasurer

Investments are stated at fair value.

State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

2. Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Special assessments receivable, which are based on total estimated construction and maintenance costs of each drain project, reflect amounts due from benefiting parties including local units of government and property owners. No allowance for uncollectibles is recorded because the special assessments represent a lien on the respective properties.

3. Capital Assets

Capital assets, which include mobile equipment and infrastructure assets, are reported in the governmental activities column of the Statement of Net Assets. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of 2 years. Major outlays for equipment and infrastructure capital assets and improvements are capitalized as projects are constructed. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets, if any, are recorded at estimated fair value at the date of donation.

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

Infrastructure is depreciated using the straight-line method over 50 years and equipment is being depreciated over 5 or 10 years.

4. Long-term Obligations

In the component-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

II. DETAILED NOTES ON ALL FUNDS

A. Deposit and Investments

At year end, the carrying amount of deposits and investments of the Drain Commission were as follows:

Deposits held in the name of the County Treasurer	\$ 2,508,015
Investments	<u>1,201,969</u>
Total	<u>\$ 3,709,984</u>

The Drain Commission chooses to disclose its investments by specifically identifying each. As of year end, the Drain Commission had the following investments through the County Treasurer.

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

	Carrying Amount (Fair Value)	<u>Credit Rating</u>
Investments:		
Comerica Governmental Cash Investment Fund	\$ 732,857	-n/a-
MBIA Local Government Investment Pool	<u>469,112</u>	-n/a-
	<u>\$ 1,201,969</u>	

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk. None of the Drain Commission's investments were subject to credit risk rating.

Custodial Credit Risk – Deposits. The Drain Commission maintains \$2,508,015 in checking, savings and CD accounts at banks which are under custody of the County Treasurer. It is not practical to determine the insured portion of these balances since they are included in the pooled and other cash accounts of Lenawee County.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Drain Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the County does not have a policy for investment custodial credit risk. On the investments listed above, there is no custodial credit risk, as these investments are uncategorized as to credit risk.

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The Drain Commission's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

B. Receivables

Receivables in the governmental activities consist entirely of special assessments. At year end, the Drain Commission reported special assessments receivable of \$716,948. All amounts are expected to be collected within one year.

Receivables in the business-type activities consist entirely of leases receivable. The terms of these capital leases, which relate to water and sewer systems constructed by the Drain Commission on behalf of the local units, match the debt maturity requirements of the related bonds less any cash remaining in the funds to repay the debt. At year end, the Drain Commission reported leases receivable in business-type activities of \$17,124,627, \$1,530,000 of which is expected to be collected within one year.

Governmental funds report deferred revenue in connection with special assessments receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At year end, the Drain Commission reported deferred ("unavailable") revenue of \$716,948.

C. Due to Other Governments

Due to other governments recognized in business-type activities as accounts payable represent amounts held for municipalities for the construction and maintenance of water and sewer systems. At year end, the Drain Commission reported \$289,992 as due to other governments.

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

D. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2005, was as follows:

	<u>Receivable</u>	<u>Payable</u>
Due to/from other funds:		
Drain Capital Projects Fund	\$ -	\$ 1,000,963
Lake Level Capital Projects Fund	-	26,344
Nonmajor governmental funds	<u>1,027,307</u>	<u>-</u>
Total	<u>\$ 1,027,307</u>	<u>\$ 1,027,307</u>

Advances from primary government:

Nonmajor governmental funds	<u>\$ 525,000</u>
-----------------------------	--------------------------

The Drain Commission has interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the balance sheet for governmental funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

E. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Infrastructure	\$ 3,266,334	\$ 459,550	\$ -	\$ 3,725,884
Equipment	1,204,125	33,668	-	1,237,793
Total capital assets, being depreciated	<u>4,470,459</u>	<u>493,218</u>	<u>-</u>	<u>4,963,677</u>
Less accumulated depreciation for:				
Infrastructure	607,876	71,982	-	679,858
Equipment	662,064	102,563	-	764,627
Total accumulated depreciation	<u>1,269,940</u>	<u>174,545</u>	<u>-</u>	<u>1,444,485</u>
Governmental activities capital assets, net	<u>\$ 3,200,519</u>	<u>\$ 318,673</u>	<u>\$ -</u>	<u>\$ 3,519,192</u>

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

F. Long-term Debt

The following is a summary of the changes in long-term obligations for the year ended December 31, 2005:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 1,180,000	\$ 200,000	\$ 170,000	\$ 1,210,000	\$ 170,000
Drain notes payable	567,523	218,300	216,288	569,535	118,835
Notes payable	106,741	16,668	44,221	79,188	43,098
Lease purchase agreement	57,421	-	21,245	36,176	36,176
	1,911,685	434,968	451,754	1,894,899	368,109
Business-type activities:					
Bonds payable	19,771,209	145,779	1,515,000	18,401,988	1,530,000
Total Drain Commission	\$ 21,682,894	\$ 580,747	\$ 1,966,754	\$ 20,296,887	\$ 1,898,109

Governmental Activities:

General obligation bonds currently outstanding are as follows:

<u>District</u>	<u>Original Issue</u>	<u>Annual Installments</u>	<u>Through Period</u>	<u>Interest Rate</u>	<u>Amount</u>
Windemere Drain	\$ 385,000	\$ 35,000 – \$ 40,000	2014	2.3%	\$ 350,000
Pollard Drain	410,000	100,000 – 110,000	2008	2.3%	310,000
Bent Oak Drain	385,000	35,000 – 40,000	2014	3.0 – 4.2%	350,000
Lock Erin Lake Level	200,000	81,400 – 118,600	2008	2.5%	200,000
Total					<u>\$ 1,210,000</u>

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

Drain notes payable consist of nine drain notes payable in total annual installments of \$23,680 to \$118,835 at interest rates of 2.74% to 4.75%, with final payment due in 2015.

Notes payable consist of three notes payable for vehicle/equipment purchases due in annual installments of \$12,030 to \$43,098 at interest rates of 2.90% to 3.75%, with final payment due in 2009.

There is a lease purchase agreement for equipment payable in annual installments of \$20,249 to \$36,176 at an interest rate of 3%, with final payment due in 2006.

Annual debt service requirements to maturity for governmental activities as of December 31, 2005, are as follows:

	Bonds		Drain Notes		Notes		Lease Purchase	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 170,000	\$ 40,485	\$ 118,835	\$ 16,424	\$ 43,098	\$ 3,032	\$ 36,176	\$ 1,206
2007	288,600	47,752	117,020	21,375	12,030	1,371	-	-
2008	271,400	38,544	59,740	16,420	12,030	914	-	-
2009	80,000	16,450	59,740	13,455	12,030	457	-	-
2010	80,000	13,880	59,740	10,490	-	-	-	-
2011-2015	320,000	25,790	154,460	18,925	-	-	-	-
	\$ 1,210,000	\$ 182,901	\$ 569,535	\$ 97,089	\$ 79,188	\$ 5,774	\$ 36,176	\$ 1,206

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

Business-type Activities:

<u>District</u>	<u>Original Issue</u>	<u>Annual Installments</u>	<u>Through Period</u>	<u>Interest Rate</u>	<u>Amount</u>
City of Morenci	\$ 900,000	\$ 25,000 – \$ 75,000	2007	3.4 - 6.4%	\$ 50,000
South Shore	850,000	25,000 – 50,000	2016	5.0 - 7.0%	510,000
Posey Lake	1,400,000	60,000 – 85,000	2011	5.0 - 8.0%	470,000
Madison Township #3					
Refunding	700,000	115,000 – 185,000	2007	1.0 - 2.5%	320,000
Madison Township #4	3,460,000	110,000 – 190,000	2017	4.8 - 5.0%	2,280,000
Cambridge/Franklin	3,890,000	175,000 – 265,000	2015	4.5 - 7.5%	2,075,000
Wampler's Lake	5,000,000	225,000 – 345,000	2013	5.0%	2,475,000
Rollin-Woodstock - Plant Improvement	5,080,000	210,000 – 330,000	2021	2.5%	4,430,000
Central Lenawee Sewer	4,410,000	95,000 – 320,000	2023	3.0 - 4.6%	4,145,000
Central Lenawee Sewer – DWRP	1,875,000	90,000 – 95,000	2023	2.5%	<u>1,646,988</u>
Total					<u>\$ 18,401,988</u>

Annual debt service requirements to maturity for business-type activities as of December 31, 2005, are as follows:

	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 1,530,000	\$ 696,162
2007	1,410,000	632,074
2008	1,330,000	580,819
2009	1,345,000	519,388
2010	1,370,000	463,650
2011-2015	6,205,000	1,778,969
2016-2020	3,725,000	756,742
2021-2023	1,486,988	283,562
	<u>\$ 18,401,988</u>	<u>\$ 5,711,366</u>

LENAWEE COUNTY DRAIN COMMISSION

Notes To Basic Financial Statements

Advance Refunding

The Township of Madison issued \$700,000 of general obligation refunding bonds in 2003. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the long-term debt of the Drain Commission.

The balance of defeased bonds outstanding as of December 31, 2005, was \$1,500,000.

III. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description

The Drain Commission, as a component unit of Lenawee County, contributes to a single-employer defined benefit pension plan provided through a private insurance company that acts as a common investment and administrative agent for the County. The details related to participation are reported in the financial statements of Lenawee County.

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COMBINING FINANCIAL STATEMENTS

LENAWEE COUNTY DRAIN COMMISSION

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2005

	<u>Capital Project Funds</u>		
	<u>804</u>		
	<u>802</u>	<u>804</u>	
	<u>Drain</u>	<u>Drain</u>	
	<u>Revolving</u>	<u>Maintenance</u>	
	<u>Revolving</u>	<u>Revolving</u>	<u>Total</u>
 <u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 2,946	\$ 2,300	\$ 5,246
Due from other funds	522,054	505,253	1,027,307
 <u>TOTAL ASSETS</u>			
	<u>\$ 525,000</u>	<u>\$ 507,553</u>	<u>\$ 1,032,553</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Advance from primary government	\$ 525,000	\$ -	\$ 525,000
Total liabilities	525,000	-	525,000
 Fund balance			
Unreserved - undesignated	-	507,553	507,553
 <u>TOTAL LIABILITIES</u>			
<u>AND FUND BALANCE</u>			
	<u>\$ 525,000</u>	<u>\$ 507,553</u>	<u>\$ 1,032,553</u>

LENAWEE COUNTY DRAIN COMMISSION
Combining Statement of Revenue, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

	<u>Capital Project Funds</u>		
	802	804	
	Drain	Drain	
	Revolving	Maintenance	Total
		Revolving	
Revenue			
Interest	\$ -	\$ 2,251	\$ 2,251
Total revenue	-	2,251	2,251
Expenditures			
Current:			
Public works	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	-	-
Revenue over (under) expenditures	-	2,251	2,251
Other financing sources			
Issuance of bonds and notes	-	-	-
Net change in fund balances	-	2,251	2,251
Fund balance, beginning of year	-	505,302	505,302
Fund balance, end of year	\$ -	\$ 507,553	\$ 507,553

LENAWEE COUNTY DRAIN COMMISSION
Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2005

	City of Morenci	South Shore	Posey Lake	Riga Township Water
Assets				
Current assets				
Cash and cash equivalents	\$ 7,711	\$ 195,668	\$ 1,897	\$ 13,411
Current portion of lease receivable	42,289	45,000	70,000	-
Total current assets	50,000	240,668	71,897	13,411
Noncurrent assets				
Leases receivable, net of current portion	-	307,670	398,695	-
Total other assets	-	307,670	398,695	-
Total assets	50,000	548,338	470,592	13,411
Liabilities				
Current liabilities				
Due to other governments	-	-	-	6,620
Current portion of bonds payable	50,000	45,000	70,000	-
Total current liabilities	50,000	45,000	70,000	6,620
Long-term debt				
Bonds payable	-	465,000	400,000	-
Total long-term debt	-	465,000	400,000	-
Total liabilities	50,000	510,000	470,000	6,620
Net assets				
Unrestricted	\$ -	\$ 38,338	\$ 592	\$ 6,791

Lake Arrowhead Estates Water	Township of Adrian	Richlyn Mannor Water	Mannor Farms	Clayton Sewer	Fairfield Sewer	Loch Erin Sewer	Total
\$ 6,747	\$ 45,714	\$ 866	\$ 261	\$ 4,024	\$ 3,450	\$ 459,831	\$ 739,580
-	-	-	-	-	-	-	157,289
6,747	45,714	866	261	4,024	3,450	459,831	896,869
-	-	-	-	-	-	-	706,365
-	-	-	-	-	-	-	706,365
6,747	45,714	866	261	4,024	3,450	459,831	1,603,234
5,290	26,608	-	-	-	-	251,474	289,992
-	-	-	-	-	-	-	165,000
5,290	26,608	-	-	-	-	251,474	454,992
-	-	-	-	-	-	-	865,000
-	-	-	-	-	-	-	865,000
5,290	26,608	-	-	-	-	251,474	1,319,992
\$ 1,457	\$ 19,106	\$ 866	\$ 261	\$ 4,024	\$ 3,450	\$ 208,357	\$ 283,242

LENAWEE COUNTY DRAIN COMMISSION
Combining Statement of Revenue, Expenses and
Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2005

	City of Morenci	South Shore	Posey Lake	Riga Township Water
Operating revenue				
Intergovernmental revenue	\$ 31,400	\$ 57,037	\$ 70,994	\$ -
Charges for services	-	-	-	-
Other revenue	-	-	-	148,757
Total operating revenue	31,400	57,037	70,994	148,757
Operating expenses				
Operations and maintenance	-	30,467	40,623	143,508
Operating income (loss)	31,400	26,570	30,371	5,249
Non-operating revenue (expenses)				
Interest income	-	135	4	14
Interest expense	(31,400)	(27,240)	(30,398)	-
Total non-operating revenue (expenses)	(31,400)	(27,105)	(30,394)	14
Change in net assets	-	(535)	(23)	5,263
Net assets, beginning of year	-	38,873	615	1,528
Net assets, end of year	\$ -	\$ 38,338	\$ 592	\$ 6,791

Lake Arrowhead Estates Water	Township of Adrian	Richlyn Mannor Water	Mannor Farms	Clayton Sewer	Fairfield Sewer	Loch Erin Sewer	Total
\$ 21,420	\$ 82,668	\$ -	\$ -	\$ 21,732	\$ 30,015	\$ 149,816	\$ 465,082
-	-	-	11,870	-	-	-	11,870
-	-	13,793	-	-	-	-	162,550
21,420	82,668	13,793	11,870	21,732	30,015	149,816	639,502
20,079	81,291	14,271	12,632	21,006	29,893	129,916	523,686
1,341	1,377	(478)	(762)	726	122	19,900	115,816
3	44	3	7	7	6	3,617	3,840
-	-	-	-	-	-	-	(89,038)
3	44	3	7	7	6	3,617	(85,198)
1,344	1,421	(475)	(755)	733	128	23,517	30,618
113	17,685	1,341	1,016	3,291	3,322	184,840	252,624
\$ 1,457	\$ 19,106	\$ 866	\$ 261	\$ 4,024	\$ 3,450	\$ 208,357	\$ 283,242

LENAWEE COUNTY DRAIN COMMISSION
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2005

	City of Morenci	South Shore	Posey Lake	Riga Township Water
Cash flows from operating activities				
Cash received from municipalities	\$ 31,400	\$ 57,037	\$ 70,994	\$ -
Other operating receipts	-	-	-	148,757
Cash paid to employees and suppliers	-	(30,467)	(40,623)	(143,508)
Net cash provided by (used in) operating activities	31,400	26,570	30,371	5,249
Cash flows from capital and related financing activities				
Principal payments	(50,000)	(45,000)	(70,000)	-
Interest payments	(31,400)	(27,240)	(30,398)	-
Payments for construction of leases receivable	(170,525)	-	(8,053)	(63,065)
Net cash provided by (used in) capital and related financing activities	(251,925)	(72,240)	(108,451)	(63,065)
Cash flows from investing activities				
Interest income received	-	135	4	14
Amounts collected on leases receivable	218,531	34,956	67,460	63,896
Net cash provided by investing activities	218,531	35,091	67,464	63,910
Net increase (decrease) in cash and cash equivalents	(1,994)	(10,579)	(10,616)	6,094
Cash and cash equivalents, beginning of year	9,705	206,247	12,513	7,317
Cash and cash equivalents, end of year	<u>\$ 7,711</u>	<u>\$ 195,668</u>	<u>\$ 1,897</u>	<u>\$ 13,411</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 31,400	\$ 26,570	\$ 30,371	\$ 5,249
Net cash provided by (used in) operating activities	<u>\$ 31,400</u>	<u>\$ 26,570</u>	<u>\$ 30,371</u>	<u>\$ 5,249</u>

Lake Arrowhead Estates Water	Township of Adrian	Richlyn Mannor Water	Mannor Farms	Clayton Sewer	Fairfield Sewer	Loch Erin Sewer	Total
\$ 21,420	\$ 82,668	\$ -	\$ -	\$ 21,732	\$ 30,015	\$ 149,816	\$ 465,082
-	-	13,793	11,870	-	-	-	174,420
(20,079)	(81,291)	(14,271)	(12,632)	(21,006)	(29,893)	(129,916)	(523,686)
1,341	1,377	(478)	(762)	726	122	19,900	115,816
-	-	-	-	-	-	-	(165,000)
-	-	-	-	-	-	-	(89,038)
(7,641)	(73,758)	-	-	-	-	(146,431)	(469,473)
(7,641)	(73,758)	-	-	-	-	(146,431)	(723,511)
3	44	3	7	7	6	3,617	3,840
9,642	23,662	-	-	-	-	73,339	491,486
9,645	23,706	3	7	7	6	76,956	495,326
3,345	(48,675)	(475)	(755)	733	128	(49,575)	(112,369)
3,402	94,389	1,341	1,016	3,291	3,322	509,406	851,949
\$ 6,747	\$ 45,714	\$ 866	\$ 261	\$ 4,024	\$ 3,450	\$ 459,831	\$ 739,580
\$ 1,341	\$ 1,377	\$ (478)	\$ (762)	\$ 726	\$ 122	\$ 19,900	\$ 115,816
\$ 1,341	\$ 1,377	\$ (478)	\$ (762)	\$ 726	\$ 122	\$ 19,900	\$ 115,816